

IRS News Release

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Tax Relief Granted for Hurricane Wilma Victims

IR-2005-128, Oct. 27, 2005

WASHINGTON — The Internal Revenue Service today announced relief for taxpayers affected by Hurricane Wilma. The President issued a major disaster declaration covering impacted areas of Florida, effective Oct. 23, 2005.

Taxpayers affected by the hurricane are eligible for relief. Deadlines for affected taxpayers to file returns, pay taxes and perform other time-sensitive acts have been postponed to Feb. 28, 2006, the same date granted to taxpayers affected by Hurricanes Katrina and Rita.

Twenty Florida counties have been included in the Federal Emergency Management Agency (FEMA) disaster area: Brevard, Broward, Charlotte, Collier, DeSoto, Glades, Hardee, Hendry, Highlands, Indian River, Lee, Martin, Miami-Dade, Monroe, Okeechobee, Osceola, Palm Beach, Polk, St. Lucie and Sarasota.

Affected taxpayers will need to identify themselves to the IRS as hurricane victims by writing "Hurricane Wilma" in red ink at the top of their tax forms or any other documents filed with the IRS. Taxpayers who need to alert the IRS or have other Hurricane Wilma-related questions can also call the special IRS disaster hotline at 1-866-562-5227.

For affected taxpayers, the IRS has postponed deadlines for any tax return or tax payment with an original or extended due date falling on or after Oct. 23, 2005. This postponement of deadlines includes the Oct. 31 deadline for filing quarterly federal employment and excise tax returns; the Dec. 15 due date for corporate estimated tax payments; and the Jan. 15 due date for individual estimated tax payments. In addition, the IRS will waive the failure to deposit penalty for employment and excise deposits due before Nov. 4, 2005, as long as the deposits are made by that date. If any affected taxpayer receives a penalty notice from the IRS the taxpayer should call the number on the notice to have the IRS abate any interest and any late filing, late payment or failure to deposit penalties that would otherwise apply during the period from Oct. 23, 2005, to Feb. 28, 2006.

Covered Disaster Area

The Florida counties listed above constitute a covered disaster area for purposes of Treas. Reg. § 301.7508A-1(d)(2) and are entitled to the relief detailed below.

Affected Taxpayers

Taxpayers considered to be affected taxpayers eligible for the postponement of time to file returns, pay taxes, and perform other time-sensitive acts are those taxpayers listed in Treas. Reg. § 301.7508A-1(d)(1), and include individuals who live, and businesses whose principal place of business is located, in the covered disaster area. Taxpayers not in the covered disaster area, but whose books, records, or tax professionals' offices are in the covered disaster area, are also entitled to relief. In addition, all relief workers affiliated with a recognized government or philanthropic organization assisting in the relief activities in the covered disaster area are eligible for relief.

Grant of Relief

Under sections 6081, 6161, and 7508A, the IRS gives affected taxpayers until Feb. 28, 2006, to file most tax returns (including individual income tax returns, corporation and S-corporation income tax returns, partnership tax returns, estate and trust income tax returns, estate and gift tax returns, exempt organization returns, employment tax returns, and certain excise tax returns), or to make tax payments, including estimated tax payments, that have either an original or extended due date falling on or after Oct. 23, 2005 and on or before Feb. 28, 2006. The IRS will abate interest and any late filing or late payment penalties that would apply during this period to returns or payments subject to these extensions.

The IRS also gives affected taxpayers until Feb. 28, 2006, to perform other time-sensitive actions described in Treas. Reg. § 301.7508A-1(c)(1) and Rev. Proc. 2005-27, 2005-20 I.R.B. 1050, that are due to be performed on or after Oct. 23, 2005, and on or before Feb. 28, 2006. As with Hurricane Katrina and Hurricane Rita, the IRS gives taxpayers engaging in like-kind exchanges of property the relief described in section 17 of Rev. Proc. 2005-27. In addition, this relief includes the filing of Form 5500 series returns, in the manner described in section 8 of Rev. Proc. 2005-27.

The postponement of time to file and pay does not apply to information returns in the W-2, 1098, 1099 or 5498 series, or to Forms 1042-S or 8027. Penalties for failure to timely file information returns can be waived under existing procedures for reasonable cause. Likewise, the postponement does not apply to employment and excise tax deposits. The IRS, however, will abate penalties for failure to make timely employment and excise deposits, due before Nov. 4, 2005, provided the taxpayer makes these deposits by that date. Taxpayers that are also considered to be affected by Hurricane Katrina remain eligible for relief from the failure to deposit penalty for deposits due on or before Feb. 28, 2006. See IRS News Release 2005-112, Sept. 28, 2005.

The IRS assures individuals, businesses and tax practitioners that it will continue monitoring the aftermath of Hurricane Wilma and resolve other potential tax administration issues as they arise.